

## **GENERAL INFORMATION**

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Rushville State Bank, Rushville, Illinois** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **August 6, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

**INSTITUTION'S RATING:** This institution is rated **Satisfactory**.

The bank encourages economic development and revitalization consistent with its size, financial capability, location and current economic conditions. The bank's efforts to support economic growth consistent with its size is evidenced by an adequate loan-to-deposit ratio. The majority of bank's loans are originated within the assessment area and are reasonably distributed to borrowers of different income levels, including low- or moderate-income, and business and farms of different sizes. No complaints have been filed since the previous examination.

The following table indicates the performance level of **Rushville State Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	RUSHVILLE STATE BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the previous examination.		

**DESCRIPTION OF INSTITUTION**

Rushville State Bank, the largest financial institution in Schuyler County with total assets of \$55.8 million as of June 30, 1996, is a subsidiary of Rushville Bancshares, Inc., a one-bank holding company. Banking competition is provided by Schuyler State Bank, a branch of the First State Bank of Beardstown and a branch office of First Financial Bank, FSB of Stevens Point, Wisconsin, all located in Rushville.

Through its sole office in Rushville, the bank offers a full range of deposit and credit services. The bank originates a variety of products and as of June 30, 1996, the distribution of the portfolio was as follows: 24.6% business loans, 17.9% consumer loans, 26.7% one-to-four family real estate loans and 30.8% agricultural loans. In a response to a local community need, the bank opened an automated teller machine (ATM); this is the only ATM located within a 15-mile radius of the bank.

There are no apparent factors relating to the bank's financial condition and size, products offered, prior performance, legal impediments or local economic conditions that would prevent the bank from meeting the credit needs within the assessment area.

**DESCRIPTION OF RUSHVILLE STATE BANK'S ASSESSMENT AREA**

The bank is located in Rushville, Illinois, approximately 75 miles southwest of Peoria, Illinois and 60 miles northwest of Springfield, Illinois. The defined assessment area is all of Schuyler County, of which, Rushville is the county seat. Communities located within Schuyler County include: Rushville, Birmingham, Doddsville, Ray, Huntsville, Camden, Browning, Sheldon's Grove, Bluff City, Sugar Grove, Frederick, Brooklyn, Mindale, Littleton, Erwin, Pleasant View, Cottonwood and Bader. The bank's assessment area consists of three block numbering areas (BNAs): 9701 and 9703 (middle-income) and 9702 (moderate-income). There are no low income or minority BNAs in the assessment area.

According to the census data, the total population in the assessment area is 7,498 residents, of which less than one percent are minorities. There are 2,224 families residing in the assessment area, 25.1% are considered low-income, 21.4% are moderate-income, 24.6% are middle-income and 28.9% are upper-income; in addition, 13.3% live below the poverty line. The median family income for the assessment area is \$25,605; this is significantly lower (13.8%) than the Illinois nonmetropolitan median family income (\$29,694).

The area's economy is closely tied to agriculture. According to bank management, the area is in need of additional manufacturing and service-related businesses. The total labor force of Schuyler County is 3,462 people. According to the 1994 Illinois Manufacturers Directory and Illinois Department of Commerce and Community Affairs, major manufacturers include: Schuyler County Schools (270 employees); Sarah D. Culbertson Memorial Hospital (120 employees); Bartlow

Bros., Inc., a meat packing plant (70 employees); and Schuyler-Brown FS, Inc., involved in petroleum, feed, fertilizer and grain (55 employees). The May 1996 unemployment rate for Schuyler County was 5.9%, compared to the State of Illinois unemployment rate of 5.1%.

The census data indicated that there were 3,329 housing units in the assessment area; 2,281 were owner-occupied, 721 were rental units and 327 units were vacant. The median housing value was \$36,303 and the median rent was \$265; this compares to the nonmetropolitan state median housing value and rent of \$40,181 and \$300, respectively. Approximately 82.2% of the housing stock is comprised of one-to-four family units, 13.3% is mobile homes and one percent is multi-family housing. According to management, additional multi-family and senior citizen housing is needed in the assessment area.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. The examination did not reveal any evidence of discriminatory policies, procedures or practices that would discourage applicants.

#### **Loan-to-Deposit Ratio**

The bank's loan-to-deposit ratio on June 30, 1996 was 44.4%; the average loan-to-deposit ratio for the six quarters which ended June 30, 1996 was 40.83. Based on the nature of the community in which the bank operates, this ratio is adequate and meets the standards for satisfactory performance. Review of lending activity since the previous examination revealed that the loan portfolio increased by 13.5%, from \$18.4 million to \$20.9 million (June 30, 1994 call report). Also, residential real estate loans increased 19.8%, from \$4.7 million to \$5.7 million; loans secured by farmland increased 31.4%, from \$1.6 million to \$2.2 million; consumer lending increased 15.9%, from \$3.6 million to \$4.2 million; and commercial and industrial loans increased 59.4%, from \$2.4 million to \$3.8 million. The fact that the bank originated large numbers of loans for amounts of \$1,000 or less (these loans are discussed later under Lending to Borrowers of Different Incomes and Businesses of Different Sizes) contributed to the low loan-to-deposit ratio.

According to the June 30, 1996 Uniform Bank Performance Report (AUBPR®), the average ratio for the bank's national peer group was 62.7%. The McFadden American Financial Directory disclosed the following information regarding loan-to-deposit ratios (AL/D®) for local financial institutions during the Fall 1995 and Spring 1996:

Bank	L/D Ratio, Fall 1995	L/D Ratio, Spring 1996
Rushville State Bank	37.5%	40.9%

Bank	L/D Ratio, Fall 1995	L/D Ratio, Spring 1996
First State Bank of Beardstown	67.3%	67.2%
Schuyler State Bank	58.4%	48.5%

### **Lending in Assessment Area**

A sample of loans was reviewed regarding lending activity within the bank's assessment area. The examination loan sample revealed the following geographic distribution:

LOAN TYPE	TOTAL SAMPLED	WITHIN THE LOCAL DELINEATED COMMUNITY	PERCENT OF TOTAL
Commercial	20	17	85.0%
Installment	20	18	90.0%
Single Payment	20	20	100.0%
Real Estate	11	10	90.9%
Total	71	65	91.5%

Loans made during a three-month period (April 1, 1996 through June 30, 1996) were also analyzed to determine the bank's performance level regarding lending in the assessment area. The review of 485 loans revealed that 87.4% were within the assessment area.

The examination loan sample, the loans made over the three-month period and the bank's own geographic analysis demonstrates that the majority of the bank's loan activity is within the assessment area. Based on this review and discussions with management, the bank exceeds the standards for satisfactory performance regarding loan activity within the assessment area.

### **Lending to Borrowers of Different Incomes and to Businesses/Farms of Different Sizes**

An analysis of a three-month sample of loans was conducted to determine if the bank was lending to borrowers of different incomes and farms of different sizes. The review of 485 loans revealed that 132 loans or 27.2% were originated for amounts of \$1,000 or less. Also during March, April, May and October 1995, the bank had an automobile loan promotion which resulted in 44 loans totaling \$528,595.

The review of the June 1995 Call Report indicated that the bank's outstanding small business loans totaled 180 and outstanding agricultural loans totaled 389 (small business loans are defined as \$1 million or less and small farm loans are \$500,000 or less). The three-month CRA sample (485 loans) revealed that 164 commercial and agricultural loans were for dollar amounts ranging from \$700 to \$96,000. Additionally, all 20 sampled commercial loans were for amounts of \$100,000 or less; the average loan amount was \$13,872.

The distribution of borrowers reflects a reasonable penetration among individuals of different income levels, and businesses and farms of different sizes.

### **Geographic Distribution of Loans**

The bank's assessment area consists of three Block Numbering Areas (BNAs) and the distribution of lending within these BNAs is described as follows: 424 of the 485 (87.4%) loans sampled were within the assessment area. The analysis of the loans located within the assessment area revealed that 331 or 78.1% were located in BNA 9702 which is a moderate-income BNA. The remaining 93 loans were originated in middle-income BNAs. The City of Rushville is located in BNA 9702, where the majority of the bank's lending activity is conducted. Almost half of the population of the assessment area lives in the Rushville area, explaining the high percentage of loans located in the moderate-income BNA.

The review of the examination loan sample revealed that 48 of 71 loans or 67.6% were originated in BNA 9702.

The bank's geographic distribution of loans meets the standards for satisfactory performance.

### **Response to Substantiated Complaints**

No complaints were received by the bank regarding its CRA performance since the previous examination.